

**Market Commentary**

Global equity markets finished mostly higher in May, with surging inflation, rising interest rates, and COVID-19-related restrictions in China making headlines. In the U.S., the S&P 500 Index returned +0.2% over the month. U.S. real GDP decreased at an annual rate of 1.5% during the first quarter of 2022, mainly attributed to a decrease in net exports and decline in private inventory investment. The Federal Reserve raised the federal funds rate by 50 bps to 0.75-1.00% in May and signalled for further rate hikes of 50 bps in the next couple of meetings. Economic data revealed the Core Personal Consumption Expenditure Price Index rose 4.9% Year-on-Year (YoY) in April while the IHS Markit Composite PMI declined to its lowest level in four months to 53.8 in May, reflecting weakened rate of expansion of output across private sector firms. In Europe, the German DAX, Euro STOXX 50, and FTSE 100 indices returned 2.1%, 1.3%, and 1.1% respectively. The Harmonised Index of Consumer Prices (HICP) in the Eurozone accelerated to 8.1% YoY in May, with energy prices recording the biggest increase. In the U.K., the Consumer Price Index rose 9.0% YoY in April, the highest increase since 1982, driven by rising energy prices. The Bank of England raised the key Bank Rate by 25bps to 1.0%, marking its fourth consecutive rate hike and a 13-year high. In Australia, the S&P/ASX 300 Index returned -2.8% over May. The Reserve Bank of Australia raised the cash rate by 25 bps to 0.35% - the first rate hike since November 2010. The U.S. dollar was weaker against most G10 currencies except the Norwegian Krone during May.

**Fund Update and Outlook**

The Hyperion Global Growth Companies Fund (Managed Fund)\* returned -7.0% for the month of May, underperforming its benchmark (MSCI World Accumulation Index (AUD)) by 6.2%. Spotify contributed to performance during the month while Workday and Airbnb were detractors.

As discussed in our latest Webinar (replay [here](#)), inflationary pressures have continued to dominate headlines and put pressure on asset prices. Our view remains unchanged that high levels of inflation will likely be temporary as supply-side disruptions ease, higher oil prices impact demand, and as central banks begin withdrawing monetary policy support. All of these actions act as a tax on the consumer.

There is increasing evidence emerging to suggest that we may be near peak inflation and growth is starting to roll off with signs of a slowing consumer demand profile. For example, retail inventory has been building up that we think is indicative of consumer-demand falling, real wages have been falling in most countries around the world, and government spending has declined significantly which would create a drag on economic growth. Read more on our views [here](#).

We think that the recent selloff does not reflect the robust and improving value of the businesses within the Hyperion portfolios, and we remain confident that the companies we invest in will achieve attractive rates of organic revenue, EPS and DPS growth over the next ten years, well ahead of the broader market.

Please consider the Product Disclosure Statement (PDS) of the Fund, which provides more complete information on risks and fees, in its entirety and Target Market Determination (TMD) before making an investment decision. The current PDS and TMD of the Fund can be found at <https://www.hyperion.com.au/>.

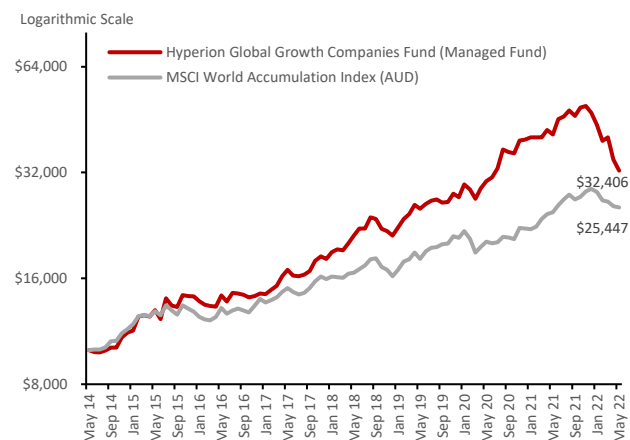
**Fund Features**

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity

**We believe companies in our portfolio have:**

- Predictable earnings
- Low debt
- High interest cover
- Sustainable competitive advantages
- High return on capital
- Strong free cash flow
- Organic growth options
- Experienced and proven management teams

**Performance Chart growth of \$10,000 since inception\***



Inception date: 1<sup>st</sup> June 2014. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

**Fund Performance\***

	Portfolio – Net (%)	Benchmark <sup>^</sup> (%)	Excess Performance (%)
1 Month	-7.0	-0.8	-6.2
3 Month	-17.8	-4.5	-13.3
1 Year	-21.0	3.2	-24.2
3 Year (p.a.)	8.7	11.9	-3.2
5 Year (p.a.)	13.9	11.1	2.8
7 Year (p.a.)	14.0	10.2	3.8
Inception (p.a.)**	15.8	12.4	3.4
Inception (TR)**#	224.1	154.5	69.6

\*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

\*\*Inception date: 1<sup>st</sup> June 2014. NAV to NAV, with all distributions reinvested.

<sup>^</sup> MSCI World Accumulation Index (AUD) <sup>#</sup>Total return. All p.a. returns are annualised.

Returns are net of applicable fees and costs. Past performance is not a reliable indicator of future performance. Data as at 31<sup>st</sup> May 2022.

Investors who apply for units directly with the Responsible Entity may pay a different price per unit to an investor who purchases those units on the ASX at the same time, and such differences may have a material impact on the performance of that investment. The above performance reflects the performance of the fund where units are purchased and redeemed directly with the Responsible Entity only.

**Top 5 Holdings**

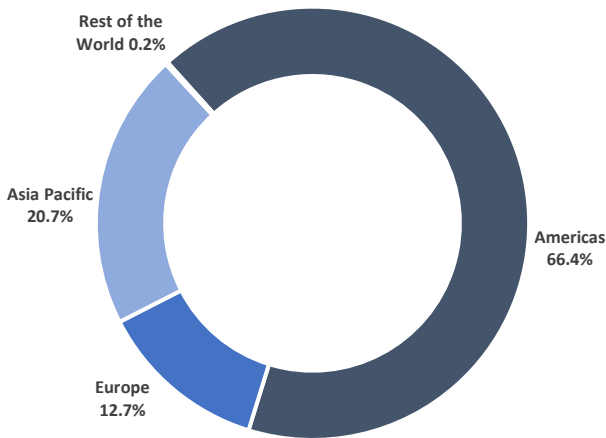
	Portfolio (%)	Benchmark (%)
Amazon.com Inc.	12.6	2.0
Tesla Inc.	12.6	1.2
Microsoft Corporation	11.1	3.6
ServiceNow, Inc.	7.8	0.2
Block Inc.	6.5	0.1

**Sector Allocation**

	Portfolio (%)	Benchmark (%)
Communication Services	13.2	7.5
Consumer Discretionary	35.2	10.7
Consumer Staples	3.1	7.4
Health Care	2.2	13.4
Information Technology	44.0	21.4
Cash	2.2	--

Due to rounding, portfolio weights may not sum perfectly to 100.0%

**Geographical Weight by Source of Revenue**



Due to rounding, portfolio weights may not sum perfectly to 100.0%

**Market Capitalisation (AUD)**

	Portfolio (%)	# Stocks
\$0 - \$50bn	9.3	3
\$50 - \$100bn	11.9	3
\$100bn +	76.6	15
Cash	2.2	--
Total	100	21

Due to rounding, portfolio weights may not sum perfectly to 100.0%

All data as at 31<sup>st</sup> May 2022. Source: Hyperion Asset Management  
\*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

**Top 5 Contributors and Detractors (rolling 12 months)**

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla Inc.	30.9	12.3	1.8
Microsoft Corporation	17.5	7.6	0.4
Costco Wholesale Corporation	33.0	2.7	0.2
Visa Inc.	0.7	2.2	0.1
Mastercard Incorporated	7.1	1.3	0.1

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Block Inc. Class A	-57.6	7.9	-4.3
PayPal Holdings, Inc.*	-64.7	5.4	-3.2
Roku, Inc.	-70.5	3.0	-2.6
Spotify Technology SA	-49.6	4.2	-2.6
Amazon.com Inc.	-19.5	9.3	-1.9

**Portfolio Characteristics ^**

	Portfolio
Number of Holdings	21
Top 10 Security Holdings (%)	72.2
Dividend Yield (%)**	0.3
Portfolio Beta	1.4

^Data based on composite. Before fees. \*\* Trailing.

**Fund Facts**

Name	Hyperion Global Growth Companies Fund (Managed Fund)*
Inception Date	01/06/2014
ARSN	611 084 229
APIR Code	WHT8435AU
Ticker	HYGG
Currency	Australian Dollar, Unhedged
Mgt. Fee (% p.a.)	0.70% per annum
Buy/Sell Spread^	0.30%/0.30%
Perf. Fee (% p.a.)	20% over Benchmark, net of Mgt Fee
Benchmark	MSCI World Accumulation Index (AUD)
Fund Size (AUD)	\$1,840.9 million
NAV Price	\$3.1127
Pricing Frequency	Daily
Registry	Automic

^Only applicable for investors who apply for units directly with the Responsible Entity

**Investors can buy or sell units on the ASX**

Ticker	HYGG
Exchange	ASX
Trading Currency	Australian Dollar
iNAV Provider	Solactive
Market Making Agent	Citigroup Global Markets Australia
Pricing	Intra-day

	Ticker	iNAV Ticker
Bloomberg	HYGG AU Equity	HYGGAUIV
Reuters/Refinitiv	HYGG.AX	HYGGAUDINAV=SOLA
IRESS	HYGG.AXW	HYGGAUDINAV

## Portfolio Holdings Update

### Airbnb, Inc. (ABNB-US)

Primary Exchange	NASDAQ
GICS Sector	Consumer Discretionary
Market Cap (US\$m)	46,203



Airbnb, Inc. (Airbnb) released its results for the first quarter ended March 2022, reporting quarterly revenue growth of 70% Year-on-Year (YoY) to US\$1.5b. Gross Booking Value increased 59% YoY to US\$17.2b while Average Daily Rates (ADR) grew 5% YoY to US\$168. This was driven by host price increases whilst being offset by an increased mix of urban and other lower ADR bookings. During the quarter, Nights and Experiences Booked exceeded 100 million, a record figure surpassing pre-pandemic levels. This was driven by strong growth in North America, EMEA and Latin America. Management noted demand for domestic travel and non-urban short distance travel is persistent and noticed an uptick in demand for cross-border travel closer to pre-pandemic levels. There were more than 6 million active listings at the end of 1Q22 with strong growth in non-urban areas with high guest demand. Management also announced a series of new products and features. The most notable being the Aircover for Guests product, facilitating improved platform trust and user experience. The offering is similar to travel insurance by covering guests in the event of unexpected host cancellations alongside further support functions. Split Stay was also introduced for stays longer than seven days, enabling the business to better match supply and demand within its network. This update is paired with the release of over 50 new search categories for users within the 'I'm Flexible' tool.

### Intuit, Inc. (INTU-US)

Primary Exchange	NASDAQ
GICS Sector	Information Technology
Market Cap (US\$m)	117,214



Intuit, Inc. (Intuit) released its results for the third quarter ended March 2022. Intuit reported revenue growth of 35% YoY to US\$5.6b with continued growth across each segment. Small Business & Self-Employment revenue grew by 42% YoY to US\$1.7b driven by higher effective prices, customer growth and mix shift. The addition of Mailchimp aided the Online Services segment with revenue growth of 121% YoY to US\$614m. Consumer group revenue grew by 32% YoY to US\$3.2b, benefitting from earlier tax filing deadlines for FY22. Credit Karma and ProConnect revenues grew by 48% YoY to US\$468m and 10% YoY to US\$258m, respectively. The Credit Karma business saw strength in personal loans and credit loans during the period. It now has over 120 million members and 120 platform partners. When compared to not using Credit Karma, the Lightbox matching engine approximately doubles the average approval rate of consumer credit cards. Credit Karma Money was also integrated into the TurboTax filing experience during the quarter. Management upgraded FY22 revenue guidance to US\$12.6b-US\$12.7b, representing YoY growth of 31-32%, up from the prior guidance of 26-28% growth. Management expect market share of both total IRS returns and returns in the do-it-yourself category to increase this fiscal year.

### Block Inc. (SQ-US)

Primary Exchange	NYSE
GICS Sector	Information Technology
Market Cap (US\$m)	45,401



Block, Inc. (Block) released its results for the first quarter ended March 2022. The business reported net revenue growth excluding Bitcoin of 44% YoY to US\$2.23b and gross profit growth of 34% YoY to \$1.29b. The Cash App ecosystem recorded revenue growth of 38% YoY to US\$731m (excluding Bitcoin) and gross profit growth of 26% to US\$624m. Management noted strength in the Cash App business through its growing active user base and increased engagement. March marked a record month for Monthly Active User engagement with users transacting 21 times per month on average. The Cash Card continues to perform well, with gross profit exceeding 50% growth YoY. The Square ecosystem, previously the Seller ecosystem, recorded revenue growth of 42% YoY to US\$1.44b and gross profit growth of 41% YoY to US\$661m. Management noted Square continues to win larger sellers and improved its product parity with Loans and Delivery launched in Canada. Gross profit from the mid-market sellers grew 47% YoY. Block provided insight into the integration of Afterpay at its Investor Day later in May. Afterpay connects both the Cash App and Square ecosystems, contributing to Block's vertical offering through its highly engaged user base and global reach. Management highlighted their estimated total addressable market at the Investor Day as being a US\$190b gross profit opportunity.

Commentary sourced from Hyperion Asset Management. Market capitalisation as at 31<sup>st</sup> May 2022.

\*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

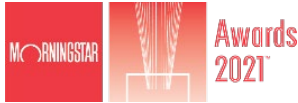
**CONTACT US**

**HYPERION DISTRIBUTION**

Jolon Knight  
Mob: 0414 805 862  
Jolon.knight@hyperion.com.au

**INVESTOR SERVICES**

Tel: 1300 497 374  
Investorservices@hyperion.com.au



**Hyperion named Winner  
FUND MANAGER OF THE YEAR**  
Morningstar 2021 Awards, Australia.

**DISCLAIMER – HYPERION GLOBAL GROWTH COMPANIES FUND (MANAGED FUND)**

This communication is prepared by Hyperion Asset Management Limited (ABN 80 080 135 897 AFSL 238 380) ('Hyperion'), as the investment manager of the Hyperion Global Growth Companies Fund (Managed Fund) (ARSN 611 084 229) ('the Fund'). Pinnacle Fund Services Limited (ABN 29 082 494 362 AFSL 238 371) ('PFSL') is the product issuer of the Fund. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund is available at <https://www.hyperion.com.au/>. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund. For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email [service@pinnacleinvestment.com](mailto:service@pinnacleinvestment.com).

This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Unless otherwise specified, all amounts are in AUD. Due to rounding, numbers presented throughout this report may not sum precisely to the total indicated and performance percentages may not precisely reflect the absolute returns.

Whilst Hyperion, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Hyperion, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.

Any opinions and forecasts reflect the judgment and assumptions of Hyperion and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future.

Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Hyperion. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.

This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Hyperion.

Morningstar Disclaimer: Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN:95090665544, AFSL:240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to Morningstar Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement (Australian products) or Investment Statement (New Zealand products) before making any decision to invest. Morningstar publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance is for illustrative purposes only and is not indicative of future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN004523782 ("ASXO").

Morningstar Awards 2021 (c). Morningstar, Inc. All Rights Reserved. Hyperion Asset Management has been Awarded the Overall Fund Manager of the Year in Australia. Awarded in both the categories Domestic Equities - Large Cap and Domestic Equities - Small Cap.

\*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.